

Message Text

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PAGE 01 KINGST 01503 082250 Z

71

ACTION ARA-17

INFO OCT-01 ADP-00 SS-15 NSC-10 PA-03 PRS-01 AID-20 H-02

L-03 CEA-02 CIEP-02 EB-11 STR-08 FRB-02 AGR-20 XMB-07

IO-12 OIC-04 RSR-01 /141 W
----- 008919

P 082115 Z MAY 73

FM AMEMBASSY KINGSTON

TO DEPT OF TREASURY WASHDC PRIORITY

INFO SECSTATE WASHDC PRIORITY 1833

LIMITED OFFICIAL USE KINGSTON 1503

SHUTO 3

E. O. 11652: N/ A

TAGS: PFOR, EFIN, OVIP (SHULTZ, GEORGE P.)

SUBJ: 14 TH ANNUAL MEETING OF IDB BOARD OF GOVERNORS

REF: KINGSTON 1465 (SHUTO 1)

7. BOARD OF GOVERNORS COMMITTEE MET SATURDAY MAY 5 TO DISCUSS NON- REGIONAL MEMBERSHIP AND REEMPHASIZED PRINCIPLE OF AGGREGATE CONTRIBUTION OF \$750 MILLION WITH NOT LESS THAN \$500 MILLION IN PAID- IN FORM AND WITH AT LEAST HALF OF THE \$750 MILLION TO BE CONTRIBUTED TO THE FSO. REVISION OF THE CHARTER TO ACCOMMODATE NON REGIONAL MEMBERS WAS REFERRED TO THE EXECUTIVE DIRECTORS FOR STUDY AND REPORT TO THE BOARD OF GOVERNORS COMMITTEE.

2. CHILEAN- ARGENTINE PROPOSAL TO REVIEW IDB CHARTER TO CHANGE IT IN ACCORDANCE WITH QUOTE PREVAILING GENERAL CONDITIONS AND IMMEDIATE OUTLOOK UNQUOTE WAS DISCUSSED WORKING GROUP MONDAY, MAY 7. IT IS EXPECTED THAT THIS QUESTION WILL BE REFERRED TO THE EXECUTIVE DIRECTORS FOR STUDY AND REPORT TO THE BOARD OF GOVERNORS COMMITTEE IN TIME FOR LIMITED OFFICIAL USE

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LATTER TO MAKE ITS RECOMMENDATIONS, IF ANY, TO THE BOARD

NO LATER THAN DECEMBER 31, 1973.

3. COSTA RICA PRESENTED THE HEADS OF DELEGATION MEETING ON MONDAY, MAY 7 A DRAFT RESOLUTION PROPOSING EXPANSION OF THE EXPORT FINANCING FACILITY. IT PRESENTED AN ADDITIONAL RESOLUTION AIMED AT REDUCING THE LOCAL CURRENCY CONTRIBUTION OF DEVELOPING COUNTRY MEMBERS TO FSO PROJECTS. AT A SUBSEQUENT WORKING GROUP MEETING ON MONDAY, CANADA PROPOSED REFERRING THESE QUESTIONS TO THE EXBMOTIVE DIRECTORS FOR STUDY AND RECOMMENDATION TO THE NEXT ANNUAL MEETING OR EARLIER. THE WORKING GROUP RECONVENES THUESDAY AFTERNOON MAY 8.

4. SECRETARY SHULTZ HELD A MEETING OF GOVERNORS AND PARTICIPANTS IN THE COMMITTEE OF TWENTY ON MONDAY AFTERNOON MAY 7 TO DISCUSS MONETARY AND TRADE REFORM. THE SESSION WAS GREATLY APPRECIATED BY IDB MEMBERS WHO URGED AGAIN THE ADOPTION OF THE SDR- AID LINK.

5. AT THE OPENING PLENARY SESSION MONDAY, MAY 5 JAMAICAN PRIME MINISTER MANLEY CALLED FOR GREATER EMPHASIS ON SOCIAL PROJECTS BY THE BANK. CANADIAN MINISTER OF NATIONAL REVENUE STANBURY IN OTHERWISE AGREEABLE STATEMENT, WENT OUT OF HIS WAY TO SAY THAT THE IDB AND OTHER SIMILAR INSTITUTIONS SHOULD BE INSULATED FROM INVESTMENT DISPUTE ISSUES QUOTE WHICH MUST INEVITABLY AND PROPERLY BE RESOLVED BILATERALLY.

6. A SEVEN- HOUR TOUR OF IDB PROJECTS-- EXPANSION OF CONSOLIDATED BAKERIES IN KINGSTON, A SMALL POULTRY FARM AND A 35 ACRE CITRUS AND VEGETABLE FARM-- WAS MADE ON MONDAY, MAY 7 BY U. S. DELEGATION WITH ALL CONGRESSIONAL MEMBERS PARTICIPATING. THE CONGRESSIONAL COMMENTS GENERALLY FAVORABLE.

7. SECRETARY SHULTZ SUBMITTED STATEMENT REFTEL FOR THE RECORD. HE SPOKE EXTEMPORANEOUSLY CONCERNING 1) MONETARY REFORM, 2) TRADE REFORM, AND 3) ISSUES INVOLVING THE IDB. HE MENTIONED THE FACT THAT THE US IS NOT NOW THE ONLY NOR THE DOMINATING ECONOMIC POWER IN THE WORLD. OVER THE PAST 25 YEARS LIMITED OFFICIAL USE

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PAGE 03 KINGST 01503 082250 Z

THERE HAS BEEN GREAT SUCCESS AND NOW THERE ARE MANY ECONOMIC POWERS. THE MONETARY AND TRADE SYSTEMS NEED TO BE REFORMED TO REFLECT THAT CHANGE. NEW RULES OF THE GAME NEED TO BE ESTABLISHED.

8. MONETARY REFORM, THE SECRETARY SAID, SHOULD PROVIDE FOR A FLEXIBLE SYSTEM WHERE ADJUSTMENT TAKES PLACE REGULARLY.

ALSO STRESSED NEED FOR OBJECTIVE INDICATORS, AND THAT UNDER US PROPOSALS, WHEN ADJUSTMENT IS CALLED FOR IT SHOULD BE UP TO THE COUNTRY INVOLVED TO DECIDE HOW TO ADJUST. EXCHANGE RATE FLEXIBILITY SHOULD PROVIDE MORE STABILITY THAN PAST SYSTEM. HE NOTED OUR RESERVATIONS CONCERNING THE SDR- AID LINK.

9. TRADE REFORM: THE SECRETARY GAVE A GENERAL STATEMENT CONCERNING THE NEED FOR REFORM IN THIS AREA. IT IS IMPORTANT TO LA AS WELL AS US- PARTICULARLY REGARDING AGRICULTURE AND SPECIAL PREFERENCES.

10. AS TO ISSUES INVOLVING THE IDB, THE SECRETARY INDICATED OUR SUPPORT FOR THE BANK'S OPERATIONS AND WORK OF PRESIDENT. LISTED PROGRESS INCLUDING ITS PHASING DOWN OF SOFT LOANS TO THE RELATIVELY MORE DEVELOPED MEMBERS AND WELCOMED THE BROADENING OF THE MEMBERSHIP BASE, NOTING THAT THIS WOULD LESSEN THE DEPENDENCE ON THE U. S.

1. REGARDING THE US CONTRIBUTIONS OUTLOOK, THE SECRETARY-- AFTER INDICATING THAT WE WILL CONTINUE TO PRESS HARD FOR THE FY 1974 APPROPRIATIONS-- POINTED OUT SOME OF THE DIFFICULTIES THE EXECUTIVES AND MEMBERS OF CONGRESS HAVE IN THIS REGARD. HE SAID IT IS VERY DIFFICULT TO ANSWER THE TOUGH QUESTION ASKED BY THEIR CONSTITUENTS AS TO WHY THEY SUPPORT APPROPRIATIONS TO IDB FOR BUILDING ROADS OR DAMS ABROAD, WHILE CUTTING BACK ON SUCH PROJECTS IN OUR OWN COUNTRY.

1 2. WITH REGARD TO THE EXPROPRIATION ISSUE, THE SECRETARY SAID THAT WITH DUE RESPECT TO THE CANADIANS, HE TOOK THE OPPOSITE VIEW, WE DO NOT THINK THIS IS SIMPLY A BILATERAL MATTER.

HE OUTLINED OUR VIEW ARTICULATED IN REFTEL AND ADDED HE LIMITED OFFICIAL USE

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WELCOMED DIALOGUE ON THIS ISSUE. HE SAID IT SHOULD BE OUR COLLECTIVE INTENTION TO RESOLVE THIS DIFFICULT PROBLEM, AND NOT BE DEFEATED BY IT.

13. THE SECRETARY CONCLUDED BY SAYING THAT THE U. S. AGREES WITH JAMAICAN PRIME MINISTER'S SPEECH OF YESTERDAY- ON PEOPLE BEING OBJECTIVE OF OUR EFFORTS AND THAT OUR COUNTRY HAS GREAT CONCERN TO SUPPORT THE BANK IN FULFILLING ITS MANDATE TO CARE FOR THE HUMAN NEEDS OF ITS MEMBERS.
DE ROULET

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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Disposition Date: 28 MAY 2004
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Review Event:
Review Exemptions: n/a
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EO Systematic Review
30 JUN 2005

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